

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7471

BILL NUMBER: SB 389

NOTE PREPARED: Feb 20, 2003

BILL AMENDED: Feb 20, 2003

SUBJECT: Wage Payment Issues.

FIRST AUTHOR: Sen. Young R Michael

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that an employer that fails to pay wages when due is liable for interest at the legal rate on the unpaid amount, with certain exceptions. It provides a procedure for an employer to deduct amounts due to the employer from the employee from the unpaid wages. The bill provides that the employer or employee are not precluded from recovering other damages to which either is entitled. It also exempts employees who are classified as exempt under the federal Fair Labor Standards Act from the provisions dealing with wage payment. The bill permits a wage assignment for the payment of uniforms, the payment of tools and equipment, or tuition repayment. It repeals and relocates language making it a Class C infraction for an employer to sell merchandise or supplies to an employee for a price higher than to the public. This bill repeals language requiring an employer to pay employees in commercial paper. It repeals duplicative language concerning frequency of wage payments to employees. The bill also repeals outdated language concerning liens of laborers.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The impact on the state and local governments would be as an employer. The current law provides for an increase in the unpaid wages by 10% for each day the wages remained unpaid, up to double the wage amount. The bill requires the employer to pay interest as set forth in IC 24-4.6-1-101, or 8% annually. The employer costs are reduced under the bill. The impact on the state is probably minor, if there is any impact.

The provisions exempting employees who are classified as exempt under the federal Fair Labor Standards Act from the provisions dealing with wage payment should have no impact.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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